

SONNENSCHN CARLIN NATH & ROSENTHAL

8000 SEARS TOWER CHICAGO, ILLINOIS 60606

(312) 876-8000 TELEX 25-3526

RECORDATION NO.

8184-B
FILED 1425

JUL 7 - 1983 - 2 35 PM

INTERSTATE COMMERCE COMMISSION

July 5, 1983

WRITER'S DIRECT LINE

(312) 876-8232

Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Room 2303

Ladies and Gentlemen:

3-188A057
No. 1
JUL 7 1983
Date.....
Fee \$ 50.00

ICC Washington, D. C.

Enclosed is an Assignment and Assumption of Lease dated as of March 26, 1980 (the "Assignment") between William M. Gibbons, as Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (the "Assignor"), as assignor, and Chicago and North Western Transportation Company (the "Assignee"), as assignee.

The Assignment is an assignment of the lessee's rights under a Lease of Railroad Equipment dated as of October 20, 1975. The lessor under the Lease remains the same. The Lease was recorded with the Interstate Commerce Commission under Recordation No. 8184.

Please record the Assignment in the records of the Interstate Commerce Commission, pursuant to 49 U.S.C. §11303 and the regulations promulgated thereunder.

The names and addresses of the parties to the Assignment are as follows:

Assignor: William M. Gibbons, as Trustee of the
Property of Chicago, Rock Island &
Pacific Railroad Company
332 South Michigan Avenue
Chicago, Illinois 60604

Assignee: Chicago and North Western Transportation
Company
One North Western Center
165 North Canal Street
Chicago, Illinois 60606

RECEIVED
JUL 10 1983
FEE OPERATION BR.

SONNENSCHN CARLIN NATH & ROSENTHAL

Interstate Commerce Commission
Attn: Room 2303
July 5, 1983

Page Two

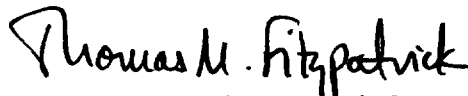
The equipment covered by the Lease and the Assignment is described both in Exhibit A to the Assignment, and in Schedule A to the Lease (a copy of the Lease being attached as Exhibit B to the Assignment).

Enclosed are two original copies of the Assignment, each manually executed and acknowledged by both parties, one of which is marked "ICC" at the top, and five photocopies of the Assignment. Once all seven copies are stamped with the appropriate recordation information, I would appreciate your returning one of the original copies and all of the photocopies to me at the letterhead address above.

Enclosed is our check in the amount of \$50, payable to the Commission, in payment of the fee for the recordation of the Assignment.

Thank you for your help. If there are any questions regarding the recordation of the Assignment, please call me collect, at (312) 876-8232.

Very truly yours,



Thomas M. Fitzpatrick

TMF:jec

Enclosures

5765A
4.14.80

RECORDATION NO. 8184-B Filed 1425

JUL 7 - 1983 12 32 PM

LEASE #46

INTERSTATE COMMERCE COMMISSION
ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT of lease (the "Assignment") dated as of this 26th day of March, 1980 by and between William M. Gibbons, as Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (the "Assignor") and Chicago and North Western Transportation Company (the "Assignee").

W I T N E S S E T H:

WHEREAS, Assignor is the lessee of certain railroad equipment described in Exhibit A attached hereto and made a part hereof (the "Equipment") pursuant to the lease of such railroad equipment dated October 20, 1975 as amended to date and attached hereto as Exhibit B (the "Lease") and filed and recorded with the Interstate Commerce Commission under Recordation No. 8184, and

WHEREAS, Assignor desires to assign to Assignee and Assignee desires to accept an assignment from Assignor of all of Assignor's right, leasehold title and interest under the Lease, subject to the terms and conditions of this Assignment.

NOW, THEREFORE, in consideration of the mutual promises of Assignor and Assignee and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment. Effective immediately, Assignor hereby assigns, transfers and sets over unto Assignee all of Assignor's right, title and interest under the Lease and to the Equipment, subject to the terms set forth in Section 2 hereof.

This Assignment shall be effective only as to the equipment described on Exhibit A hereto.

2. Assumption. Assignee hereby accepts the assignment set forth above and assumes all of the obligations of lessee under the Lease arising hereafter and agrees to perform and comply with all of the obligations, covenants and conditions of lessee under the Lease in accordance with the terms of the Lease, as follows:

Assignee shall be responsible for:

- (a) the payment of rent due under the Lease beginning as of the eighth day following the day on which this Assignment is given effect by issuance of a service order or directive of the Interstate Commerce Commission and the Association of American Railroads, or either of them, authorizing delivery of the Equipment to Assignee (or the eighth day following the day on which the rail carrier then authorized to operate and operating the lines of the Assignor acknowledges its obligation to deliver Cars to Assignee pursuant to this Assignment), and

- (b) the performance and compliance with all other terms and conditions of the Lease.

This Agreement, and Assignee's assumption of the obligations under the Lease, shall be effective immediately, in accordance with the forms hereof, but may be terminated, as provided below, if

- (a) Assignor fails to fulfill the terms and conditions of the Lease Acquisition Proposal dated March 26, 1980, submitted by Assignee and accepted by Assignor (the "Proposal"); or
- (b) any of the conditions set forth below in clauses A through D is not fulfilled within forty (40) days from the date hereof.

A. The entry of an order by the United States Court having jurisdiction over the property of Assignor pursuant to the Bankruptcy Act (i) approving this Assignment, (ii) confirming that this Assignment vests in Assignee all of Assignor's right, title and interest in the Lease and in the Equipment, free and clear of any and all liens, claims, charges or encumbrances against such interest, and subject to no obligation or liability of any nature or description except only those obligations which Assignee expressly undertakes pursuant to this Assignment, and (iii) approving the provisions of paragraph L of the Proposal.

B. The lessor under the Lease and parties having a security interest in the Lease shall have consented to this Assignment by execution of the consent appended hereto.

C. Assignee shall have received opinions of counsel satisfactory to it that the order required by paragraph A above is enforceable in accordance with its terms and that the consent required by paragraph B above is the valid and binding obligation of such lessor, enforceable in accordance with its terms.

D. Assignee shall have received all necessary permits, licenses and approvals from applicable governmental or public authorities for the execution and delivery of the Assignment.

If all of the above terms and conditions are not met within said 40-day period, the Assignee or Assignor under the Lease, may terminate this Agreement upon 10 days prior written notice to the other party. In such event, Assignee shall reassign the Lease to Assignor, and Assignor shall assume the obligations under the Lease as of said date, except as provided below. Also in such event, (i) Assignee shall be responsible for the delivery of any units of Equipment which are on Assignee's line (or lines operated by Assignee) to Assignor's nearest interchange point as soon as reasonably possible; (ii) Assignee shall be responsible for Lessor's Rental and Trustee's Rental (as defined and provided for in the Lease Acquisition Proposal) due under the Lease as to such units of Equipment until such units of Equipment

are returned to the interchange point except as to units of Equipment which are not on lines owned or operated by Assignee at such date, in which case, Assignee's obligations for such rent will terminate upon the expiration of said 10-day period; (iii) car hire shall be for the credit of Assignee until Assignee's obligations for rent terminates as to units of Equipment, and car hire for the period thereafter shall be for the account of Assignor; (iv) the units of Equipment shall be in the same condition on the date of expiration of said 10-day period (or with respect to units on lines owned or operated by Assignee as of the date they are returned) as when delivered to Assignee, except for ordinary wear and tear and any repairs made to any unit of Equipment prior to its return; (v) Assignee shall continue to have the right to set-off the cost of repairs as to any such units of Equipment performed by Assignee, or other charges against Assignor in accordance with the Proposal, against the Trustee's Rental as provided in the Lease Acquisition Proposal; and (vi) such costs and expenses referred to in (v) above shall be costs of administration.

Assignee expressly does not assume any liabilities or obligations arising under or which have accrued in whole or in part pursuant to the terms of the Lease prior to the times set forth above. Accrued obligations, prepaid rent and other prepaid items are to be pro rated as of the rental commencement date between Assignor and Assignee on a per diem basis. Assignor's obligation to pay rental as to each Unit of Equipment shall cease as of the date that Assignee's obligation to pay rental with respect such Unit of Equipment begins.

3. Markings. Assignee agrees to restencil and renumber the Equipment at Assignee's expense to eliminate the reporting marks of Assignor and Chicago, Rock Island and Pacific Railroad Company as soon as reasonably possible after the date hereof.

4. Filings. Assignee agrees to make at Assignee's expense such filing as may be required, under the Lease and under any encumbrance on the Lease or the Equipment, to reflect this Assignment and the renumbering of the Equipment. Such filings shall be made as soon as reasonably possible after the date hereof. Assignee shall within twenty (20) days after such filings give Lessor and each party having a security interest in the Lease copies of the filed documents.

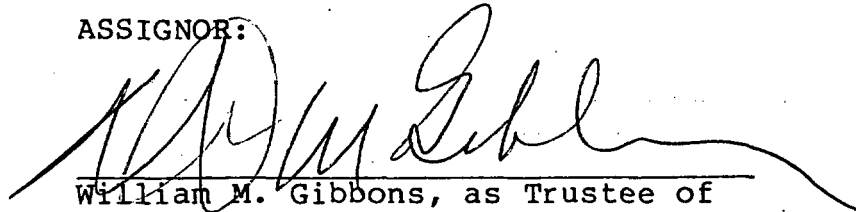
5. Other Obligations. Execution of this Assignment shall not release Assignor from Assignor's remaining obligations concerning the Equipment, if any, under the Proposal.

6. Subordination. The Equipment and the Lease, as assigned hereunder, are expressly subordinated to the rights and remedies of the Lessor and of the holders of security interests in the Equipment or Lessor's interest in the Lease.

7. Modification of Lease. The Lease subject to the Lessor's consent is hereby modified in accordance with Exhibit C hereto.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Agreement to be executed on the date first above mentioned.

ASSIGNOR:



William M. Gibbons, as Trustee of
the Property of Chicago, Rock
Island and Pacific Railroad
Company, and not individually



Witness

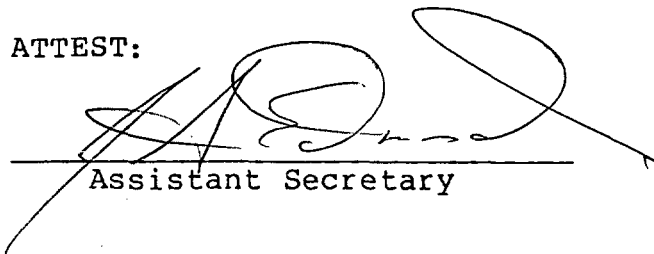
ASSIGNEE:

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY



Vice President

ATTEST:



Assistant Secretary

STATE OF ILLINOIS)
) SS.
 COUNTY OF C O O K)

On this 26th day of March, 1980, before me personally appeared William M. Gibbons, to me personally known, who, being by me duly sworn, says that he is the Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, signer and sealer of the foregoing instrument, and he acknowledged same to be his free act and deed, as Trustee, before me.

Mary Carol Seymour
 Notary Public

[Notarial Seal]

My Commission expires: October 31, 1982

STATE OF Illinois)
) SS.
 COUNTY OF Cook)

On this 26th day of March, 1980, before me personally appeared John M. Butler, to me personally known, who, being by me duly sworn, says that he is the Vice President of Chicago and North Western Transportation Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary Carol Seymour
 Notary Public

[Notarial Seal]

My Commission expires: October 31, 1982

CONSENT AND LEASE MODIFICATION

The undersigned hereby consents to the Assignment and Assumption of Lease ("Assignment") of which this Consent forms a part and agrees that, as to the undersigned, except as to the payment of Rentals and for Casualty Occurrences prior to the date of Assignee's obligation therefor, the Assignor thereunder is hereby released of all of Assignor's obligations under the Lease arising after the date of said Assignment.

The undersigned hereby acknowledges that:

- (1) It has received a copy of the Assignment;
- (2) Attached to the Assignment as Exhibit B is a true and complete copy of the Lease as amended to date;
- (3) The Assignee is hereby substituted as the Lessee of the Lease, on the terms set forth in the Assignment;
- (4) With respect to the obligations under the Lease arising prior to the date of the Assignment, the undersigned shall have recourse only against the Assignor or parties other than the Assignee and further waives all recourse against the Equipment for the correction of any default or item pursuant to the Lease arising prior to, or as a result of events occurring prior to, the date of the Assignment and hereby waive all rights to terminate the Lease which may arise as a result of this Assignment;

(5) The Assignee shall be permitted to change the identification numbers and reporting marks on the Equipment provided that the Assignee promptly notifies the undersigned of any such change and preserves the markings on, and registration of, the Equipment disclosing and preserving the security interest of third parties as presently disclosed; and

(6) The Lease is hereby modified in accordance with Exhibit C hereto and the undersigned hereby consents to such modification.

IN WITNESS WHEREOF, the undersigned has caused this consent to be executed and sealed by its duly authorized officers on

March 26, 1980.

LESSOR:

NORTH AMERICAN CAR CORPORATION

BY

J. F. Compton
Vice President

(S E A L)

ATTEST:

[Signature]
Assistant Secretary

STATE OF Illinois)
) SS.
COUNTY OF Cook)

On this 26th day of March, 1980, before me personally appeared James F. Compton, to me personally known, who, being by me duly sworn, says that he is the Vice President of NORTH AMERICAN CAR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary Carol Seymour
Notary Public

[Notarial Seal]

My Commission expires: October 31, 1982

EXHIBIT A TO ASSIGNMENT

1. Lease: Equipment Lease dated: October 20, 1975
2. Lessee: William M. Gibbons, as Trustee of the Property of
Chicago, Rock Island and Pacific Railroad
Company, and not individually

Lessor: North American Car Corporation

3. Equipment Description:

<u>Number</u>	<u>Type</u>	<u>Manufacturer</u>	<u>Road Nos.</u>
200	Large Covered Hoppers	Pullman-Standard Rock	133200-133399

Excepting therefrom the following Units which have suffered a Casualty Occurrence: 133213, 133347, 133351, 133352, 133369, 133394.

Conf. no. 216

LEASE ASSIGNMENT AGREEMENT

RECORDATION NO. 8184-A
(Filed 1475)

JUN 20 1979-3 25 PM

INTERSTATE COMMERCE COMMISSION

LEASE ASSIGNMENT AGREEMENT (hereinafter called "Lease Assignment") dated as of July 1, 1978 by and between William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (said Trustee in his capacity as trustee, together with his successors or assigns, being hereinafter called "Trustee"), the United States of America ("United States"), represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration or the Administrator's designee ("Administrator"), and North American Car Corporation ("Lessor").

WHEREAS, Lessor and Trustee have previously entered into an Agreement of Lease of Railroad Equipment dated as of Oct. 20, 1975 (the "Lease"), a copy of which is attached hereto as Exhibit A; and

WHEREAS, the Lease was filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on , 1975 and assigned Recordation No. ; and

WHEREAS, United States and Trustee intend to enter into a financing agreement ("Financing Agreement") by which the Secretary will guarantee

certain obligations of Trustee with respect to certain leased railroad equipment being rehabilitated by Trustee (the "Leased Equipment") which is a part of the railroad equipment described and identified in Schedule A to Exhibit A hereof; and

WHEREAS, in order to secure the payment of the obligations contained in the Financing Agreement, execution and delivery of this Lease Assignment has been made a condition precedent to execution of the Financing Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. Trustee hereby assigns to United States for security purposes the entire leasehold interest in the Leased Equipment described in Exhibit A attached hereto and made a part hereof.

2. The term of this Lease Assignment shall commence forthwith and shall continue as to each item of Leased Equipment until the Lease or the Financing Agreement is terminated, whichever is earlier.

3. Except as provided in paragraphs 5, 6, 7, and 8 hereof, this Lease Assignment is subject to all of the terms and conditions of the Lease. Trustee shall duly and punctually perform, when due, all of the agreements and obligations under or pursuant to the Lease. This Lease Assignment shall not relieve Trustee from any of these obligations under the Lease.

4. So long as Trustee shall have the right to possession of the Leased Equipment in accordance with the Lease and the Financing Agreement, he shall be entitled, as against the United States, to manage, operate, use, enjoy and be suffered and permitted to remain in the actual and undisturbed possession of the Leased Equipment, to receive, take and use all rents,

incomes, issues, tolls, profits and proceeds thereof and to exercise any renewal or purchase options.

5. If an event of default shall occur under the Lease of which Lessor has actual knowledge, the Lessor shall promptly notify the Administrator in writing of such event; then the Administrator shall at the Administrator's sole option be entitled to and shall succeed to all the right, title and interest of the leasehold interest in any of such Leased Equipment, described in Exhibit B, as the Administrator may designate in writing to the Lessor not more than sixty days after notice of such event of default given by the Lessor, and by such designation the Administrator shall assume all the Lease obligations, relative to any such Leased Equipment, accruing subsequent to receipt by the Administrator of such notice given by the Lessor. Notwithstanding the Administrator's right to possession and assumption set forth in paragraph 6 hereof, if the Administrator fails to assume the Lease obligations within sixty days after receiving Lessor's notice of an event of default, the Lessor shall be free to exercise any and all of its remedies under the Lease. In addition, during the aforesaid sixty day period the Lessor shall have the right to exercise all its rights under the Lease, including, but not limited to, the right to require the Trustee to accumulate, assemble and store the Leased Equipment in the manner specified in the Lease, except that the Lessor shall take no action that would impair the rights of the Administrator hereunder.

6. If an event of default (other than a default under the Lease) shall occur under the Financing Agreement and notice of such event shall

have been furnished to the Lessor, then the Administrator shall at the Administrator's sole option be entitled to and shall succeed to all the right, title and interest of the leasehold interest in any of such Leased Equipment, described in Exhibit B, as the Administrator may designate in writing to the Lessor not more than sixty days after notice of such event of default to the Lessor, and by such designation the Administrator shall assume all the Lease obligations, relative to any such Leased Equipment, accruing subsequent to the date of such notice.

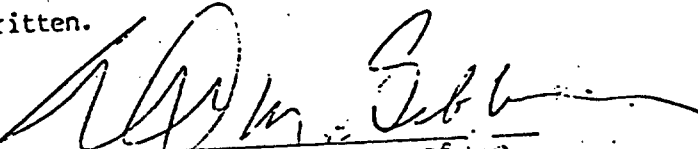
7. In the event that the Administrator exercises the Administrator's ~~options pursuant to paragraphs 5 or 6 hereof~~, then the Administrator's right to possession and use of any equipment under this Lease Assignment shall not be affected by any rights (including rights protected under Section 77(j) of the Bankruptcy Act) which the Lessor might have by virtue of a default by the Trustee on any of the Trustee's obligations under the Lease, and the Administrator (or the Administrator's approved sublessees) shall have the right to possess and use or to continue to possess and use such equipment provided all obligations, including but not limited to maintenance obligations and the obligation to make lease payments (prorated for the actual number of cars that the Administrator possesses) ~~under the Lease with respect to equipment which the Administrator possesses~~ are fully satisfied as they become due.

8. Notwithstanding any terms or conditions of the Lease, the Administrator shall have the right to sublease such equipment as the Administrator takes possession of pursuant to paragraphs 5 and 6 hereof so long as the ultimate use of the equipment is by a railroad company operating in interstate or intrastate commerce within the United States, provided the Administrator remains fully liable to the Lessor under the Lease.

9. The Administrator's rights granted under this Lease Assignment are subject to the requirement that the exercise of any such rights shall not result in any loss of or recapture of Investment Tax Credit with respect to the Leased Equipment. Notwithstanding the latter provision, the Administrator shall have the right in the Administrator's sole discretion to take the assignment of the Lease if, concurrently with such assignment, the Administrator agrees in writing to indemnify and hold the Lessor harmless against any such loss or recapture of the Investment Tax Credit.

10. This Lease Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns and this Lease Assignment may not be modified unless such modification is consented to by the Administrator in writing.

IN WITNESS WHEREOF, Trustee, United States and Lessor, pursuant to proper authority, have caused these presents to be signed in their respective names and their respective seals to be hereunto affixed, duly attested, as of the day and year first above written.



William M. Gibbons, Trustee of
Property of Chicago, Rock Island and
Pacific Railroad Company

United States of America
by the
Secretary of Transportation
Acting through
The Administrator of the
Federal Railroad Administration



John P. Sullivan
North American Car Corporation

By 

STATE OF ILLINOIS)
COUNTY OF COOK) SS.

On this 28th day of March, 1978, before me personally appeared William M. Gibbons, to me known to be the person described in and who executed the foregoing instrument, who being by me duly sworn, says that he is the Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, and he acknowledged that he executed said instrument as his free act and deed.

John L. Smith
Notary Public

(SEAL)

My Commission Expires: Oct. 26, 1981

DISTRICT OF)
COLUMBIA) SS.

I, _____, a notary public in and for the District of Columbia, DO HEREBY CERTIFY that _____, personally known to me to be the Administrator of the Federal Railroad Administration, and personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Administrator, appeared before me this day in person, and, being by me duly sworn, said and acknowledged that he is the Administrator of the Federal Railroad Administration, that he signed, affixed thereto the seal and delivered said instrument as Administrator of the Federal Railroad Administration on behalf of the United States of America, pursuant to authority

given by the Secretary of Transportation (49 CFR 1.49(u)) as his free and voluntary act, and as a free and voluntary act and deed of the Secretary of Transportation and the United States of America, for the use and purposes therein set forth, and that the seal affixed to said instrument is the seal of the Federal Railroad Administration.

GIVEN under my hand and notarial seal this 1 day of September,
A.D., 1978.

Notary Public

(SEAL)

My Commission Expires:

STATE OF ILLINOIS)

) SS.

COUNTY OF COOK)

On this 21st day of September, 1978, before me personally appeared RA Deack, to me personally known,

who, being by me duly sworn, says that he is VICE

President of North American Car Corporation that

one of the seals affixed to the foregoing instrument is the corporate seal

of said corporation, that said instrument was signed and sealed on behalf

of said corporation by authority of its Board of Directors, and he acknowledged

that the execution of the foregoing instrument was the free act and deed of said corporation.

Debra A. LaRue
Notary Public

(SEAL)

My Commission Expires: 4/3/82

*E. L. L. L.*LEASE OF RAILROAD EQUIPMENT

THIS LEASE OF RAILROAD EQUIPMENT dated as of October 20, 1975 between NORTH AMERICAN CAR CORPORATION, a Delaware corporation, (hereinafter called "Lessor") and WILLIAM M. GIBBONS, Trustee of the property of Chicago, Rock Island and Pacific Railroad Company, a Delaware corporation, Debtor (hereinafter called "Lessee").

W I T N E S S E T H:

WHEREAS, Lessor desires to lease the railroad equipment (hereinafter collectively called the "Units" and hereinafter individually called "Unit") described in Schedule A attached hereto to Lessee for the rentals and on the terms and conditions herein set forth; and

WHEREAS, Lessee desires to lease the Units from Lessor for the rentals and on the terms and the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants and agreements hereinafter mentioned to be kept and performed by Lessee, the parties hereto agree as follows:

1. NET LEASE. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor to enter into this Lease or by reason of any failure by the Lessor to perform any of its obligations herein contained, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender

the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

2. DELIVERY AND ACCEPTANCE OF UNITS. The Lessor shall cause each Unit to be painted in accordance with the specifications of the Lessee and to be delivered to the Lessee at Butler, Pennsylvania. Upon such delivery, the Lessee will forthwith cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (hereinafter called the Certificate of Acceptance) in the form set forth in Schedule B attached hereto, stating that such Unit has been inspected and accepted on behalf of the Lessee on the date of such Certificate of Acceptance and is marked in accordance with Section 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

3. RENTALS. The Lessee agrees to pay to Lessor in cash for the term of this Lease, a monthly rental per Unit, that shall be equal to 1.120948% of the Equipment Cost per Unit specified in Schedule A hereto and that shall be payable in advance on the first day of each month during the term of this Lease. Such monthly rental shall begin to accrue on the Average Date of Acceptance, as defined in Section 4 hereof and shall continue until the end of the term of the Lease. Prorations shall be made with respect to any periods, that are less than a full month.

All payments shall be made to Lessor at the office of Lessor at 222 South Riverside Plaza, Chicago, Illinois 60606 or such other place or places as may be designated in writing by the Lessor.

4. TERM OF LEASE. The term of this Lease as to each Unit shall commence on the date of delivery to Lessee specified in the Certificate of Acceptance for such Unit and, subject to the provisions of Sections 7, 11 and 14 hereof, shall terminate on the day before the fifteenth anniversary of the Average Date of Acceptance as hereinafter defined.

Unless otherwise agreed between Lessor and Lessee, this Lease shall not be effective as to any Units not delivered and accepted on or before December 31, 1975 ("Cut-Off Date").

For the purposes of this Lease, the "Average Date of Acceptance" shall be a date determined as follows: the number of units accepted by Lessee on each date of acceptance on or prior to the Cut-off Date, shall in each case be multiplied by the number of days elapsed from the date of the acceptance of the first Unit accepted to the Cut-off Date; the products so obtained shall be added together and divided by the total number of Units accepted on or prior to the Cut-off Date on which any of the Units were accepted; and the quotient so obtained (rounded out to the nearest whole number) will be the number of days elapsed subsequent to the date of the acceptance of the first Unit to and including the date which is the Average Date of Acceptance.

5. IDENTIFICATION MARKS. The Lessee will cause the Units to be kept numbered with the identifying numbers set forth in Schedule A hereto and will maintain plainly, distinctly, permanently and conspicuously by a plate or stencil on each side of such Units, in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement filed under the Interstate Commerce Act, Section 20C" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the title of the Lessor or any owner of such Unit and the rights of the Lessor under this Lease. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit except in accordance with a statement of new numbers to be substituted therefor, which statement shall previously have been filed with and approved by the Lessor and filed, recorded and deposited by the Lessee in all public offices where such filing, recordation or deposit shall then be reasonably required or reasonably deemed appropriate by Lessor.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as designation that might be interpreted as a claim of ownership, provided, however, that the Lessee may allow the Units to be lettered with the names or initials or other insignia customarily used by the Lessee on railroad equipment used by it if of the same or a similar type for convenience of identification of its right to use the Units as permitted under this Lease.

6. TAXES. THE TAXES AND OTHER CHARGES TO BE BORNE BY THE LESSEE UNDER THIS LEASE ARE EXCLUSIVE OF ALL PRESENT AND FUTURE TAXES, ASSESSMENTS, FEES, DUTIES AND CHARGES, (HEREINAFTER CALLED "IMPOSTS"), LEVIED AND IMPOSED BY THE UNITED STATES, OR ANY STATE, GOVERNMENTAL UNIT, AGENCY, INSTRUMENTALITY OR OTHER TAXING JURISDICTION:

(i) with respect to this Lease;

(ii) upon any Unit or Units or any interest of the Lessor, any owner of any Units, or the Lessee therein:

(iii) upon or on account of the sale, purchase, lease, transfer, ownership, possession, use, operation, maintenance, registration, delivery or return of the Unit or Units to or by the Lessor or the Lessee; or

(iv) on account of or measured by the earnings or gross receipts arising from the ownership, lease, possession or use of the Unit or Units, or the value added thereto, other than taxes imposed on or measured by the net income of the Lessor except any such net income tax which is in substitution for, or relieves the Lessee from the payment of; any tax or other charge which the Lessee would otherwise be obligated to bear under this Section.

The Lessee shall bear the burden and make timely remittances to appropriate tax collectors of all such Imposts and file timely, with each appropriate taxing jurisdiction, all returns, statements and reports legally required with respect thereto, and shall bear the burden of and remit any interest, fines and penalties exacted because of the Lessee's failure to discharge timely the Lessee's obligations hereunder. In addition, the Lessee shall indemnify and hold the Lessor harmless from all taxes imposed under the laws of the United States or any state, governmental unit, agency, instrumentality or taxing jurisdiction incurred by the Lessor by virtue of the Lessee's payment of any such Imposts, fines, interest, penalties or charges.

The Lessee shall not be required to remit to any taxing jurisdiction any Impost, when remittance may not legally be withheld, if and so long as the Lessee shall in good faith, with due diligence, and by appropriate judicial or administrative proceedings, contest the validity, applicability, or amount thereof; provided, however, no Impost shall be judicially or administratively contested without the prior concurrence of the Lessor, which concurrence shall not unreasonably be withheld.

The Lessee shall, whenever requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings, and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this Section. The Lessee shall also furnish, promptly upon request, such data relating to any Unit or Units as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of any taxing jurisdiction.

from performing in its own name the duties imposed on the Lessee by this Section, the Lessor hereby authorizes the Lessee to act in the name and on behalf of the Lessor; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to any action by the Lessee pursuant to this authorization. In the event that, during the term of this Lease, Lessee becomes liable for the payment of any Impost, pursuant to this Section, such liability shall continue notwithstanding the termination of this Lease, until all such Imposts are paid by Lessee.

7. PAYMENT FOR CASUALTY OCCURRENCES. Whenever any Unit shall be or become worn out, lost, stolen, destroyed or irreparably damaged, or permanently rendered unfit from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, the Lessee shall, within 7 days after it shall have been reasonably determined that such Unit has suffered a Casualty Occurrence, notify the Lessor with respect thereto. On the rental payment date next succeeding such notice, the Lessee shall pay to the Lessor an amount equal to the accrued rental for such Unit to such rental payment date plus a sum equal to the higher of: (1) Casualty Value of such Unit as of such rental payment date in accordance with the schedule set out below or (2) the amount for such Unit (hereinafter called the "AAR Settlement Value"), that is determined in accordance with the then current Code of Rules Governing the Settlement for Destroyed or Damaged Cars adopted by the Association of American Railroads (regardless of the inapplicability of such rules due to loss or destruction on the lines of Lessee). Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and title to such Unit shall remain in the Lessor or any owner of such Unit. Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in Section 15 hereof, the Lessee shall, promptly after it shall be determined that such Unit has suffered a Casualty Occurrence, notify the Lessor with respect thereto and pay to the Lessor an amount equal to the higher of either the Casualty Value of such Unit or the AAR Settlement Value of such Unit as of the rental payment date next preceding such Casualty Occurrence. Upon the making of all such payments required of the Lessee in respect of any Unit, title to such Unit shall remain in the Lessor or any owner of such Unit.

If Lessor shall sell any Unit, that has suffered a Casualty Occurrence, after Lessee shall have paid the higher of either the Casualty Value or the AAR Settlement Value of such Unit to Lessor, then Lessee shall be entitled to an amount, that is equal to the net proceeds of such sale (after deducting all expenses in connection therewith), to the extent that such amount does not exceed the higher of either the Casualty Value or AAR Settlement Value of such Unit.

The Casualty Value of each Unit as of any rental payment date for any Unit shall be that percentage of the Equipment Cost per Unit, as is set forth in the following schedule opposite the rental payment date with respect to such Unit:

Except as hereinabove in this Section provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

Any damage payments from other parties, any condemnation payments and any net insurance proceeds in respect of insurance carried by or on behalf of the Lessee, received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section. The excess of such condemnation payments, damage payments and net insurance proceeds, if any, after deduction of payments received from the Lessee in respect of Casualty Occurrences, shall belong to the Lessor.

~~8. INSURANCE.~~ The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained with a reputable insurer or insurers property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by railroad companies in respect of similar equipment owned or operated by them and the benefits thereof shall be payable to Lessor and Lessee, as their interests may appear. Lessee will deliver certificates with respect to any insurance effected or in force in accordance with the provisions of this paragraph and will cause such certificates to be endorsed so as to obligate the insurers thereunder to notify Lessor at least 30 days in advance of any pending cancellation or material modification. All insurance proceeds received by the Lessor in respect of any Unit not suffering a ~~Casualty Occurrence~~ shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

9. REPORTS. On or before March 31st in each year, commencing with the year 1977, the Lessee will furnish to the Lessor, in such number of counterparts or copies as may reasonably be requested, a certificate of a responsible officer of the Lessee, dated as of the preceding December 31st, (i) showing the amount, description and numbers of all Units then subject to this Lease, the amount, description and numbers of all Units that may have suffered a Casualty Occurrence during the 12-month period ending on such December 31st such other information regarding the condition and state of repair

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of the Units as the Lessor may reasonably request, and (ii) stating that, in the case of all Units repaired or repainted during such period, the markings required by Section 5 hereof have been preserved or replaced. The Lessor shall have the right at its sole cost, risk and expense, by its agents, but shall not be under any obligation and shall not incur any liability or obligation by reason of its failure, to inspect the Units and the records of the Lessee with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

The Lessee will also furnish to the Lessor; (i) within 90 days after the close of each fiscal year of the Lessee, a consolidated balance sheet of the Railroad and its consolidated subsidiaries as of the close of such fiscal year, together with the related consolidated statements of income and of surplus for such fiscal year, all in reasonable detail and certified by a recognized national firm of independent public accountants, and (ii) from time to time such other information as the Lessor may reasonably request.

10. DISCLAIMER OF WARRANTIES: COMPLIANCE WITH LAWS, RULES AND REGULATIONS: MAINTENANCE: INDEMNIFICATION: REPRESENTATIONS AND WARRANTIES. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO ITS TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR LESSEE'S RIGHT TO QUIET ENJOYMENT THEREOF, OR ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE: but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact, during the term of this Lease so long as an Event of Default shall not have occurred and be continuing, to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the manufacturer of the Units or of the components thereof. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by

any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units as set forth in Section 2 is conclusive evidence as between the Lessee and the Lessor that all Units are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of the Department of Transportation, and the Interstate Commerce Commission, if applicable, and any other legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the operation or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and agrees to hold the Lessor harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessee, its employees or any other persons. In the event that such laws or rules require the alteration of any Unit or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws and rules, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense and to use, maintain and operate such Unit in full compliance with such laws and rules so long as such Unit is subject to this Lease; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered in accession thereto as hereinbelow provided) which is subject to this Lease in good order, first class condition and repair, suitable for use in unrestricted interchange and each Unit shall be returned to Lessor at the termination of the Lease in such condition, reasonable wear and tear excepted. Said maintenance shall include, but not be limited to the application and maintenance of an interior lining in the Units in condition appropriate for the service to which the Units may be assigned, including corrosive material service if the Units are assigned to such service, it being understood that Lessee shall, at its expense, cause the Units to be appropriately lined prior to

being used in corrosive material service, and that Lessee shall, at its expense, repaint the Units at least once during the term of this Lease, upon the written request of Lessor, unless Lessee can demonstrate that such request by Lessor is clearly unreasonable. Except for alterations or changes required by law, Lessee shall not, without the prior written approval of Lessor, effect any permanent structural change in the design, construction or body of the Units or appurtenances thereto.

Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit and, without cost or expense to the Lessor, there shall immediately be vested in the Lessor the same interests in such accessions as the interests of the Lessor in such Unit. The Lessee may make alterations or modifications to any Unit so long as they do not affect the value of such Unit adversely.

The Lessee agrees to indemnify and save harmless the Lessor against any charge, claim, damage, injury, expense, loss or liability (including but not limited to strict liability imposed by statute or rule of law, counsel fees and expenses, latent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or performing this Lease or any of the instruments or agreements referred to herein or contemplated hereby or the ownership of, or which may arise in any manner out or as the result of the acquisition, purchase, use, operation, condition, delivery, rejection, storage or return of, any Unit while subject to this Lease or until no longer in the possession of or stored by the Lessee in accordance with the terms hereof, whichever is later, and to indemnify and save harmless the Lessor against any charge, claim, damage, injury, expense, loss or liability (including but not limited to strict liability imposed by statute or rule of law, counsel fees and expenses) on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property, or injury to or death of any person. The indemnities contained in this paragraph shall survive payment of all other obligations under this Lease and the termination of this Lease.

The Lessee represents and warrants to and for the benefit of the Lessor that:

(i) Lessee has been duly appointed as Trustee of the property of the Chicago, Rock Island and Pacific Railroad Company ("Railroad") by an order of the United States District Court for the Northern District of Illinois, Eastern Division, the appointment of said Trustee has been duly ratified by an order of the Interstate Commerce Commission; and said Trustee is duly vested with the title to the properties of the Railroad and has the power and authority to carry on its business; (ii) The execution and delivery of this Lease by Lessee and the compliance by Lessee with the provisions hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessee in accordance with its terms;

(iii) the rights of Lessor as herein set forth are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessee; (iv) except for the authorization of the United States District Court for the Northern District of Illinois, Eastern Division, of the execution and delivery of this Lease by the Lessee, no governmental authorizations, approvals or exemptions are required by the Lessee for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Units hereunder, for the rentals and for the other terms and conditions herein provided; or, if any such authorizations are required, they have been obtained and, if any such authorization shall hereinafter be required, they will be promptly obtained; (v) no litigation or administrative proceedings are pending or, to the knowledge of Lessee, are threatened against Lessee, the adverse determination of which would affect the validity of this Lease or the right of Lessor to enforce the provisions hereof; and (vi) obligations to make rental and other payments under this Lease shall constitute expenses of administration of Lessee, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessee and, upon occurrence of an Event of Default under this Lease, any claim for damages or expenses will constitute an expense of administration of Lessee.

Lessee hereby delivers to Lessor a written opinion of counsel for the Lessee, who is satisfactory to the Lessor, addressed to the Lessor, to the effect set forth in clause (i) through (vi) of the immediately preceding paragraph.

11. DEFAULT. If, during the continuance of this Lease, one or more of the following events (herein sometimes called Events of Default) shall occur:

A. The Lessee shall default in the payment of any part of the rental provided for in Section 3 or 14 hereof, any payment provided for in Section 7 hereof or any other payments provided for in this Lease or Lease; or

B. The Lessee shall make or permit any assignment or transfer of this Lease or any use of any of the Units otherwise than as permitted by Section 13 hereof; or

C. The Lessee shall default in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied; or

D. Any representation or warranty made by the Lessee herein or by Lessee in any document or certificate furnished the Lessor in connection herewith or pursuant hereto shall prove to be incorrect as of the time when made; or

E. The order dated November 3, 1975 of the United States District Court for the Northern District of Illinois, Eastern Division, in the pending proceedings for the reorganization of the Railroad, authorizing the execution and delivery of this Lease by Lessee and the undertaking of Lessee of the obligations, duties and liabilities under this Lease shall be reversed, modified, amended or superseded in any respect which might adversely affect any of the rights, powers, privileges and remedies of the Lessor under this Lease or of any assignee of the Lessor's right, title and interest in and under this Lease, and the order affecting such reversal, amendment, modification or superseding of said order shall not have been vacated or set aside or stayed within 30 (thirty) days from the date of entry thereof;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including net after-tax losses of all Federal income and other tax benefits to which the Lessor or any owner of any Units would otherwise be entitled under this Lease or with respect to the Units; or

(b) by notice in writing to the Lessee terminate this Lease whereupon all rights of the Lessee to the use of the Units then subject to this Lease shall absolutely cease and shall be determined as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may, by its agents, enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of the Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which, under the terms of this Lease, may be due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction, of which the numerator is such number of days, and the denominator is the total number of days in

Lessee (i) damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit, which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of 4% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenants, agreements or representations or warranties of this Lease and (iii) an amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States of America, or any state, governmental unit, agency, instrumentality or other taxing jurisdiction shall, in the reasonable opinion of the Lessor, after considering all payments to be made hereunder to Lessor, cause the Lessor's net return under this Lease to be equal to the net return that would have been available to the Lessor if Lessor or any owner of any Units had been entitled (at the times and in the amounts that would otherwise have been allowable to utilization of all or such portion of the Investment Tax Credit, ADR Deduction and the deductions, credits or benefits (as defined in Section 18 hereof) which were lost, not claimed, not available for claim or disallowed or recaptured in respect of a Unit as a result of the breach of one or more of the representations, warranties and covenants made by the Lessee in Section 18 or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessee's loss of the right to use such Unit or the sale or other disposition of the Lessor's or any owner of any Units' interest in such Unit after the occurrence of an Event of Default to the extent that Lessor has not been previously indemnified therefor by Lessor pursuant to Section 18 hereof.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory or other requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

12. RETURN OF UNITS UPON DEFAULT. If this Lease shall terminate pursuant to Section 11 hereof, the Lessee shall forthwith deliver possession of the Units then subject to this Lease to the Lessor. Each Unit returned to the Lessor pursuant to this Section 12 shall (i) be in the operating order, repair and condition as such Unit was at the inception of the Lease, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device or assembly considered an accession thereto and have removed therefrom any special device, or assembly not so considered an accession thereto, and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall, at its own cost, expense and risk:

A. Forthwith and in the usual manner and at usual speed, cause such Units to be transported to such point or points on the lines of the Railroad within the United States of America as shall reasonably be designated from time to time by the Lessor, and

B. Arrange for the Lessor to store such Units for a period not exceeding 180 days on the lines of Railroad or premises of Lessee provided by the Lessor until such Units have been sold, leased or otherwise disposed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to cause the assembling, delivery, storage and transporting of the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 12, the Lessee hereby irrevocably appoints the Lessor as the agent and the attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit. In connection therewith, the Lessee will supply the Lessor with such documents as the Lessor may reasonably request.

13. ASSIGNMENT, POSSESSION AND USE. This Lease and the rentals and other sums due hereunder shall be assignable in any manner in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder shall inure to the benefit of the Lessor's assigns as if named herein as the Lessor. Whenever the term Lessor is used in this Lease, it shall apply and refer to the Lessor and each assignee of the Lessor. This Lease shall not be assignable, transferable or subleased in any manner whatsoever, directly or indirectly, in whole or in part by the Lessee without the prior written consent of the Lessor. So long as no Event of Default exists hereunder and the Lessee shall have fully complied with all the provisions of this Section and Section 18, the Lessee shall be entitled to the possession of the Units, but only for use in domestic service in the United States.

In addition to, and not in limitation of, any rights or remedies which the Lessor might otherwise have, the Lessor shall have the right to declare this Lease terminated in case of any assignment or transfer of the Lessee's rights hereunder or in case of any use of any of the Units otherwise than as expressly permitted by this Section.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrances (except as aforesaid and other than an encumbrance resulting from claims against the Lessor not related to the ownership or leasing of the Units or an encumbrance created by the Lessor) which may at any time be imposed on or with respect to any Unit (including any accession thereto) or the interest of the Lessor or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this Section.

14. RENEWAL. Provided that this Lease has not been earlier terminated, the Lessee is not in default hereunder, and the parties hereto shall agree upon a mutually acceptable rental rate for the Units then subject to the Lease, then the Lessee may by written notice delivered to the Lessor not less than 180 days prior to the scheduled termination of the original term of this Lease, extend the term of this Lease in respect of all but not fewer than all of the Units then covered by this Lease, for one additional five (5) year period commencing on the scheduled expiration of the original term of the Lease at such mutually acceptable rental rate for the Units then subject to this Lease.

15. RETURN OF UNITS UPON EXPIRATION OF TERM. Upon the expiration of the term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding 180 days and transport the same at any time within such 180 day period to any reasonable place on the lines of Lessee in the United States all as directed by the Lessor upon not less than 15 days' written notice to the Lessee. Any such movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 15 shall (i) be in the same operating order, repair and condition as at the start of this Lease, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device or assembly considered an accession thereto and have removed therefrom any special device or assembly not so considered an accession thereto and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to assemble, deliver, store or transport the Units.

- 16. RECORDING AND EXPENSES. The Lessee has, without expense to the Lessor, caused this Lease and any assignments thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, reregister, rerecord or redposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to the satisfaction of the Lessor, of the Lessor's interests in the Units or for the purpose of carrying out the intention of this Lease.

The Lessee will promptly furnish to the Lessor evidence of all such filing, registering, recording, depositing, refiling, reregistering, rerecording and/or redepositing and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor.

17. INTEREST ON OVERDUE OBLIGATIONS. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations of any kind whatsoever due hereunder shall result in the obligation on the part of the Lessee, to the extent legally enforceable, to pay promptly also an amount equal to 12% per annum on the overdue rentals and other obligations for the period of time during which they are overdue.

18. FEDERAL INCOME TAXES. The Lessor or any owner of any Units, shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the "Code") to an owner of property, including, without limitation, the 1. Investment Tax Credit ("Investment Tax Credit") authorized under Sections 38 and 46 through 50 of the Code, the maximum accelerated depreciation deduction on new equipment (hereinafter called the "ADR Deduction") authorized under Section 167 of the Code utilizing the "class life" prescribed in accordance with Section 167 (m) with respect to the Units.

Lessee agrees that neither Lessee nor any corporation controlled by, in control of, or under common control with, Lessee, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing and that each of such corporations will file such return, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent thereof. The Lessee agrees to keep and make available for inspection and copying by the Lessor such records as will enable the Lessor or any owner of any Units to determine whether Lessor or any owner of any Unit is entitled to the full benefit of the Investment Tax Credit and ADR Deduction with respect to the Units.

If (i) the Lessor or any owner of any Units shall not be entitled for each of its taxable years (or portions thereof) during which this Lease is in effect to the Investment Tax Credit, ADR Deduction or other deductions, credits or benefits with respect to any Unit (as a result of not being allowed to the Lessor or any owner of the Units in the amount and at the times the Investment Tax Credit, ADR Deduction or other deductions, credits or benefits would otherwise have been allowed); and (ii) such loss

ADR Deduction or other deductions, credits or benefits is caused by or is the result of any act, failure to act, event or reason whatsoever (other than (a) a failure by Lessor or any owner of the Units to make a timely claim for such Investment Tax Credit, ADR Deduction or other deductions, credits or benefits in the manner prescribed by law, (b) a voluntary transfer by the Lessor or any owner of any Units of legal title to any Unit or a disposition of or reduction of the interest of Lessor or any owners of any Units other than a result of any Casualty Occurrence or Event of Default hereunder, and if such transfer by the Lessor or any owner of any Units or disposition or reduction shall be the direct cause of such loss, (c) payment by Lessee to the Lessor the higher of either the Casualty Value of any such Unit or the AAR Settlement Value of such Unit and (d) a change in the tax law with respect to the Investment Tax Credit, ADR Deduction, or other deductions, credits or benefits, subsequent to the date that each Unit is settled for), then the Lessee shall promptly pay to Lessor, upon request by Lessor, as supplemental rent, an amount equal to all losses, costs, expenses and damages of any kind whatsoever, direct or indirectly caused by or arising out of or in connection with such loss of Investment Tax Credit, ADR Deduction or other deductions, credits or benefits.

For the purposes of this Section 18, the term "Lessor" or any "owner of any Units" shall include the common parent corporation and all other corporations included in the affiliated group, within the meaning of Section 1504 of the Code, of which the Lessor or any owner of any Units is a member.

Except as otherwise provided, the indemnities contained in this Section 18 shall survive the termination of this Lease and are expressly made for the benefit of, and shall be enforceable by the Lessor, its respective successors, assigns, agents and servants.

19. NOTICES. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the mails, first-class postage prepaid, addressed as follows:

If to the Lessor---North American Car Corporation
222 South Riverside Plaza,
Chicago, Illinois 60606
Attention: Vice President and
General Counsel

If to the Lessee---William M. Gibbons

Trustee of the property of Chicago
Rock Island and Pacific Railroad

Company, Debtor

745 South LaSalle Street

Chicago, Illinois 60605

Attention: Treasurer

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Any certificate, document or report required to be furnished by either party hereto to the other party shall be delivered to the address set forth above for such party,

20. TITLE. It is understood and agreed that Lessee shall acquire no right, title or interest to the Units except as expressly provided hereunder notwithstanding the delivery to and possession and use thereof by Lessee.

21. SEVERABILITY: EFFECT AND MODIFICATION OF LEASE. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the right of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

22. EXECUTION. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument. Although this Lease is dated as of the date set forth above, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

23. LAW GOVERNING. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, and such additional rights arising out of the

filing, recording or depositing hereof and of any assignment hercof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

24. SUBORDINATION. It is understood that some or all of the cars furnished Lessee under this Lease and Lessor's rights under this Lease may, at the time of delivery to Lessee or at some future time during the term of this Lease, be subject to the terms of a mortgage, deed of trust, equipment trust, pledge, conditional sale agreement, sale, lease or assignment or similar arrangement. Lessee agrees that the cars may be stenciled or marked to set forth the ownership of any such cars in the name of a mortgagee, trustee, pledgee, assignee, or other similar party and that this Lease, and Lessee's rights hereunder, are and shall at all times be subject and subordinated to any and all rights of any mortgagee, trustee, pledgee or other similar party. As to the cars subject hereto, this Lease and the rentals hereunder may have been assigned and may in the future be assigned to the holder, if any, of the superior lien from time to time on each car as determined with reference to the filings under Section 20c of the Interstate Commerce Act; however, until notified to the contrary by any person reasonably proving to Lessee's satisfaction that he is the assignee of this Lease or the rentals hereunder, Lessee is to pay all rentals to the order of Lessor. Lessee hereby consents to and accepts such assignments.

25. SUCCESSORS AND ASSIGNS. Subject to the provisions of Section 13, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

26. OTHER EQUIPMENT LEASES AND SECURED OBLIGATIONS. Lessee agrees that, during the continuance of this Lease, Lessee will not assume or enter into any other leases of rolling stock, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing or the acquisition of rolling stock (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessee under this Lease, or (ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest in property of the Railroad or Lessee (except the rolling stock involved in the particular transaction) unless the obligations of Lessee under this Lease are equally and ratably secured thereby.

27. LESSOR APPOINTED LESSEE'S AGENT. Without in any way limiting the obligations of the Lessee under the foregoing provisions of Section 15 hereof, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Units to Lessor, to demand and take possession of such Units in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such Units.

28. APPEAL. Without in any way limiting the other rights or remedies of the Lessor under Section 11 hereof or elsewhere in this Lease, Lessor and Lessee agree that, if the order of the United States District Court for the Northern District of Illinois, Eastern Division, dated November 3, 1975, which approved the form and terms of this Lease, shall be appealed, or there shall be a rehearing with respect to such order, then Lessor may, at its option, upon written notice thereof to Lessee, be relieved of all its duties, obligations and liabilities hereunder. In case the Lessor exercises such option, the Lessee shall promptly reimburse Lessor for all its costs and expenses for obtaining the paint for the Units in accordance with Lessee's specifications and all other costs and expenses of Lessor arising out of or in connection with this Lease.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be duly executed as of the date first above written.

NORTH AMERICAN CAR CORPORATION

Corporate Seal

ATTEST:

By

Its

Assistant Secretary


(Corporate Seal)

WILLIAM M. GIBBONS,
TRUSTEE OF THE PROPERTY OF THE
CHICAGO, ROCK ISLAND AND PACIFIC
RAILROAD COMPANY, DEBTOR

WITNESS:

By

Its


Secretary

STATE OF)
COUNTY OF)

On this day of , 1975 before me personally appeared to me personally known, who, being by me duly sworn, says that he is a Vice President of , that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission Expires _____

STATE OF)
COUNTY OF)

On this 2 day of Nov, 1975 before me personally appeared William M. Gibbons, to me personally known, who, being by me duly sworn, says that he is Trustee of the property of Chicago, Rock Island and Pacific Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed and he acknowledged that execution of the foregoing instrument was his free act and deed.

John M. Burio
Notary Public

My Commission Expires Oct. 16, 1977

SCHEDULE A

<u>NUMBER OF CARS</u>	<u>TYPE OF CARS</u>	<u>SERIAL NUMBERS</u>	<u>EQUIPMENT COST PER UNIT</u>	<u>TOTAL EQUIPMENT COST</u>
200	100-Ton, 4,750 Cubic Foot Covered Hopper Cars	100-Ton, 4,750 Cubic Foot Covered Hopper Cars ROCK 133,200 to 133,399	\$26,300*	\$5,260,000*

* The above-described amounts are based on the estimated price of the manufacturer with respect to each Unit. If the price of the manufacturer with respect to each Unit shall be increased or decreased, then the above-described amounts shall be adjusted to reflect such increase or decrease.

7/01/78

JOB C51120 ROCK ISLAND RAILROAD
LIST OF CARS TO BE REHABILITATED WITH FUNDS
PROVIDED BY SECTION 511, 4 R ACT LOAN

PAGE 18

INIT NUMBER CAR
TYPE O/L LESSOR TALLY

ROCK	133249	CHP-JU	L	F46	
ROCK	133252	CHP-JU	L	F46	
ROCK	133300	CHP-JU	L	F46	
ROCK	133308	CHP-JU	L	F46	
ROCK	133330	CHP-JU	L	F46	
ROCK	133356	CHP-JU	L	F46	
TYPE TOTAL					6
LESSOR TOTAL					6

#5843A
DRAFT #4
4.11.80

LEASE #46

EXHIBIT C

A. The following paragraph is hereby added to existing Section 5 of the Lease:

"Lessee is hereby given the right to change the identification marks on the Units to reflect the interest of Lessee in the Units provided Lessor is promptly notified of such change. Such change shall be filed, recorded and deposited and Lessor's interest in the Units shall continue to be marked on the Units, all as provided in Section 5 hereof."

B. The following paragraphs are hereby substituted for existing Section 6 of the Lease:

"Taxes. All payments to be made by Lessee hereunder will be free of expense to Lessor for collection or other charges and will be free of expense to Lessor with respect to the amount of any local, state, Federal or foreign taxes (income, gross receipts, franchise, sales, use, property [real or personal, tangible or intangible], stamp and minimum [imposed under Section 56 of the Internal Revenue Code of 1954, as amended] taxes), or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions") hereafter levied or imposed upon

or in connection with or measured by any Unit or this Lease or any manufacture, sale, rental, ownership, possession, use, payment, shipment, delivery, nondelivery, rejection, transfer of title, return or other disposition of the Units (other than a disposition by Lessor following return of any Unit in accordance with Section 15 hereof), under the terms hereof (other than any United States Federal income tax [and, to the extent that Lessor receives credit therefor against their United States Federal income tax liability, any foreign income tax] on or measured by the net income of Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or local taxes on or measured by the net income of Lessor based on such receipts and value added taxes in lieu of such net income taxes up to the amount of any such taxes which would be payable to the state and city in which Lessor has its principal place of business without apportionment to any other state, and other than any state franchise tax which is not based on or measured by net income, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay), all of which impositions Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the the use or operation thereof or upon the receipts or earnings arising therefrom (except as provided above) or upon Lessor by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which

might in any way affect the title of Lessor or the interest of Lessor or result in a lien upon any such Unit; provided, however, that Lessee shall be under no obligation to pay any impositions of any kind so long as such imposition remains unpaid and Lessee is contesting in its own name and in good faith and by appropriate legal or administrative proceedings such impositions, or Lessor is required to contest such impositions as provided in this Section 6, and the nonpayment thereof does not, in the reasonable opinion of Lessor, adversely affect the title, property or rights of Lessor. Lessee agrees to give Lessor notice of such contest brought in Lessee's name within 30 days after institution thereof and Lessor agrees to provide such information as may be reasonably requested by Lessee in furtherance of such contest. If any impositions shall have been charged or levied against Lessor directly and paid by Lessor, Lessee shall pay Lessor on presentation of an invoice therefor if Lessor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for Lessor) or Lessee shall have approved the payment thereof, and Lessor agrees to give Lessee written notice promptly after it first obtains knowledge of the making of such charge or levy, and agrees to take such other action as may reasonably be requested by Lessee for the purpose of contesting payment or obtaining refund of all or a portion of such imposition, as hereinafter provided in this Section 6.

"In the event any returns, statements or reports with respect to impositions involving any Unit are required to be made, Lessee will

make such returns, statements and reports in such manner as to show the interest of Lessor in such Units, as shall be satisfactory to Lessor or, where not so permitted, will notify Lessor of such requirement and will prepare and deliver such reports to Lessor within a reasonable period of time prior to the time such reports are to be filed in such manner as shall be satisfactory to Lessor.

"In the event that, during the continuance of this Lease, Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by Lessee.

"If claim is made against Lessor for any impositions indemnified against under this Section 6, Lessor shall promptly notify Lessee. If reasonably requested by Lessee in writing, Lessor shall, upon receipt of indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of Lessee, contest in good faith the validity, applicability or amount of such impositions by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. Lessee may also contest, or cause to be contested, at its own expense, the validity, applicability or amount

of such impositions in the name of Lessor, provided that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of Lessor in any such proceeding or action) without the prior written consent of Lessor, which consent shall not be unreasonably withheld. If Lessor shall obtain a refund of all or any part of such impositions previously reimbursed by Lessee in connection with any such contest or an amount representing interest thereon applicable to the amount paid by Lessee and the period of such payment, Lessor shall pay to Lessee the amount of such refund or interest net of expenses, but only if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing.

"Lessee shall, whenever reasonably requested by Lessor, submit copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to Lessor of Lessee's performance of its duties under this Section 6. Lessee shall also furnish promptly upon request such data as such party reasonably may require to permit such party's compliance with the requirements of taxing jurisdictions.

"The amount which Lessee shall be required to pay with respect to any imposition which is subject to indemnification under this Section 6 shall be an amount sufficient to restore Lessor to the same net return that would have been realized except for such payment."

C. The following paragraphs are hereby substituted for the existing third and fourth paragraphs of Section 10 of the Lease:

"Lessee at its own expense will maintain and service each Unit (including any parts installed or replacements made to any Unit and considered Additions hereunder), which maintenance and service will include testing, repair and overhaul of each Unit so that each Unit will remain (a) in first class condition (ordinary wear and tear excepted), (b) in compliance with any and all applicable laws and regulations and (c) eligible for unrestricted railroad interchange in accordance with the interchange rules of the American Association of Railroads. Said maintenance shall include, but not be limited to the application and maintenance of an interior lining in the Units in condition appropriate for the service to which the Units may be assigned, including corrosive material service if the Units are assigned to such service, it being understood that Lessee shall, at its expense, cause the Units to be appropriately lined prior to being used in corrosive material service, and that, Lessee shall, at its expense, repaint the Units at least once during the term of this Lease, upon the written request of Lessor, unless Lessee can demonstrate that such request by Lessor is clearly unreasonable. Except for alterations or changes required by law, Lessee shall not, without the prior written approval of Lessor, effect any permanent structural change in the design, construction or body of the Units or appurtenances thereto.

"Lessee, at its own cost and expense, may furnish other additions, modifications and improvements (including, without limitation, any special devices, assemblies or racks at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (collectively "Additions") to the Units as Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units, and shall not diminish the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease.

"Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in Lessor in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for, any such original Part; (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the provisions of the first sentence of the second paragraph of this

Section 10 or the terms of the first sentence of the third paragraph of this Section 10; or (iii) such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in Lessee and may be removed by Lessee at any time during the term of this Lease or renewal thereof and prior to return of the Units to Lessor.

"The term Parts for the purposes of this Section shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit."

D. The following is hereby substituted in lieu of the fourth sentence in the first paragraph of Section 13 of the Lease:

"So long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession and use of the Units and, without Lessor's consent, to sublease the Units to, or to permit their use by, a user incorporated in the United States of America (or any state thereof or the District of Columbia), upon lines of

railroad owned or operated by Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any state thereof or the District of Columbia), or over which Lessee, such user, or such railroad company or companies have trackage rights for operation of their trains, and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in through or run-through service, but only upon and subject to all the terms and conditions of this Lease; provided, however, that Lessor's consent, not to be unreasonably withheld, must be obtained for any sublease that is for a term or terms that aggregate more than six months in any one year; provided, further, however, that Lessee shall not sublease or permit the sublease or use of any Unit outside the United States of America, except occasional use permitted in Canada or Mexico as long as such use does not involve regular operation and maintenance outside the United States of America; and provided, further, however, that any such sublease or use shall be consistent with the provisions of Section 18 hereof. No such assignment or sublease shall relieve Lessee of its obligations hereunder which shall be and remain those of principal and not a surety.

"Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of Lessor under this Lease in

respect of the Units covered by such sublease upon the occurrence of an Event of Default hereunder.

"Nothing in this Section 13 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any solvent Class I railroad corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of Lessee hereunder pursuant to appropriate instruments satisfactory in form and substance to Lessor, and its counsel) into or with which Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all the lines of railroad of Lessee; provided, however, that such assignee, lessee or transferee will not, upon the effectiveness of such merger, consolidation, lease or acquisition be in default under any provision of this Lease and that such acquisition or lease of railroad lines of Lessee shall not alter in any way Lessee's obligation to Lessor which shall be and remain those of a principal and not a surety."

E. The following is hereby substituted in lieu of Section 14 of the Lease:

"14. RENEWAL OPTIONS AND RIGHT OF FIRST REFUSAL. Provided that this Lease has not been earlier terminated and Lessee is not in default hereunder, Lessee may by written notice delivered to Lessor

not less than six months prior to the end of the original term of this Lease elect to extend the term of this Lease in respect of all but not less than all of the Units then covered by this Lease, for the lesser of (a) a five-year period commencing on the scheduled expiration of the original term of this Lease or (b) a period ending, as to each Unit, on the termination of the lease under which Lessor leases such Unit from others, as such term may be extended by Lessor at its option. Such extension shall be on the same terms and conditions as are contained in this Lease.

"If the Lessor elects to sell the Units to a third party or parties effective upon the expiration of the original or extended term of this Lease, the Lessor shall as promptly as practicable notify the Lessee that it intends to sell the Units (or any of them) and shall permit Lessee to purchase such Units on the same terms and conditions as the third party. Lessee shall have 30 days after receipt of notice of intent to sell from the Lessor to make such election. In the event that the Lessee shall have delivered a notice of its election to purchase such Units, this Lease (including the obligation to pay rent) shall be further extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Lessor until the date of such purchase, which shall be not more than 15 days after the last day of the original or extended term of this Lease.

"Upon payment of the purchase price for any Unit purchased herein, pursuant to an exercise by the Lessee of its right to purchase such Units, the Lessor shall execute and deliver to the Lessee, or upon request of the Lessee, to the Lessee's assignee or nominee, (i) a bill of sale (without warranties, except as hereinafter provided in this clause) for such Units such as will transfer to the Lessee title to such Units free and clear of all claims, liens, security interests and other encumbrances created by or arising through the Lessor or either Owner, other than claims, liens, security interests and encumbrances which the Lessee is obligated to pay or discharge under or pursuant to this Lease and (ii) an opinion of counsel satisfactory to the Lessee, to such effect. Notwithstanding the foregoing, if any Units so purchased are to be sold to the Lessee under a conditional sale agreement, the Lessor shall have the right to retain a security interest in such Units until such time as all payments in respect thereof have been made.

"The above provisions are in lieu of any other options in the Lease which are hereby deleted."

F. The following is hereby substituted in lieu of Section 15 of the Lease:

"15. RETURN OF UNITS UPON EXPIRATION OF LEASE. As soon as practicable on or after the expiration of the original term or any extended term of this Lease with respect to any Unit which Lessee

does not purchase or re-lease pursuant to Section 14, Lessee will, at its own cost and expense, at the request of Lessor, deliver possession of such Unit to Lessor upon such storage tracks of Lessee as Lessee may reasonably designate, in such city on the lines of Lessee as Lessor may reasonably designate, or in the absence of Lessor's designation, in such city on the lines of Lessee as Lessee may designate, and permit Lessor to store such Unit on such tracks for a period not exceeding 180 days and transport the same, at any time within such 180 day period, to any reasonable place on the lines of railroad operated by Lessee, or to any connecting carrier for shipment, all as directed by Lessor, the movement and storage of such Units to be at the expense and risk of Lessee. During any such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same; provided, however, that Lessee shall not be liable, except in the case of negligence of Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this sentence. Each Unit returned to Lessor pursuant to this Section 15 shall (i) be in the same operating order, repair and condition as when originally delivered to Lessee, ordinary wear and tear excepted, and (ii) except for additions, modifications and improvements which Lessee is entitled to remove under the provisions of Section 10 of this Lease, meet all operating standards then in effect under the applicable

rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transportation of the Units as heretofore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Units. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to Lessor and, if received by Lessee, shall be promptly turned over to Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, Lessee shall, in addition, pay to Lessor for each day thereafter an amount equal to the product of a fraction the numerator of which is the Penalty Rate (as defined in Section 17 hereof) and the denominator of which is 360, multiplied by the Purchase Price of such Unit for each such day."

G. The following exclusions are hereby added to the exclusions (a) through (d) appearing in the third paragraph of Section 18 of the Lease:

"(e) the failure of Lessor to have sufficient liability for Federal income tax against which to credit such Investment Credit or sufficient income to benefit from the ADR Deduction;

"(f) any participation in the residual value of any Unit at the expiration of the original term or extended of this Lease by any party other than Lessor or Lessee; or

"(g) any determination that the net salvage value as defined in the Treasury Income Tax Regulations governing the ADR Deduction, of any Unit is greater than 0%".

Also in exclusion (d) appearing in the third paragraph of Section 18 of the Lease, the phrase "settled for" shall mean the day upon which all Units covered by the Lease have been delivered to Lessee.

H. The following paragraphs are hereby added to Section 18 of the Lease:

"Lessor shall promptly, upon its knowledge thereof, give written notice to Lessee of any claim or proceeding in respect of which Lessee would be required to make any indemnification payments to Lessor under the provisions of this Section 18. Lessor agrees that if, in the opinion of independent tax counsel selected by Lessor and approved by Lessee, such approval not to be unreasonably withheld ("Counsel"), a reasonable basis to contest the disallowance or recapture of all or a portion of the tax benefits described above with respect to any Unit exists in respect of which Lessee would be required to make indemnification payments under the provisions of

this Section 18 to Lessor pursuant hereto, Lessor shall take such written or other appropriate action deemed reasonable by Counsel in order to contest such claim, and if Lessor fails to contest, Lessee will not be required to pay Lessor for the loss of tax benefits as set forth in this section; provided, however, that Lessor shall not be obligated to take any such legal or other appropriate action unless Lessee shall first have indemnified Lessor for all expenses which may be entailed therein. If within 30 days after notice from Lessor, Lessee does not request that such Lessor contest the disallowance or recapture of the tax benefits or in the opinion of Counsel no reasonable basis to contest such matter exists, then Lessee will have no further right of contest.

"In the event Lessee requests that Lessor contest the disallowance or recapture of the tax benefits and in the opinion of Counsel a reasonable basis to contest such matter exists, then Lessor shall either take such action to contest the disallowance or recapture with respect to Lessor or to recover all or any portion of the tax payment (the "Tax Payment") and thereafter seek a refund. If Lessor contests prior to making such Tax Payment, such indemnification payable hereunder need not be paid by Lessee while such action is pending. In such case, if the Final Determination (as hereinafter defined) shall be adverse to Lessor, the indemnification payable hereunder shall be computed by Lessor as above provided. If Lessor seeks a refund after making such Tax Payment and the Final Determination shall be in favor of Lessor, Lessor shall forthwith

upon receipt of any refund of amounts previously paid, pay to Lessee an amount consisting of the aggregate of the following: (1) the amount paid by Lessee to Lessor; and (2) the amount of interest and/or penalty paid or repaid to Lessor by the taxing jurisdiction; both (1) and (2) being with respect to only that portion of the refund represented by the disallowance or recapture of tax benefits. Lessee agrees to pay to Lessor on demand any reasonable expense incurred by Lessor in connection with such contest. For purposes of this Section 18, "Final Determination" is defined as a final decision or opinion of a court of competent jurisdiction which, in the opinion of Counsel and after taking into consideration the liabilities created thereby, presents no reasonable basis on which to appeal.

"In the event and to the extent that Lessor is required to include in its gross income for Federal income tax purposes the value of any addition, modification or improvement to the Units made by Lessee, under and pursuant to the terms of this Lease or otherwise (all such additions, modifications or improvements described in this sentence being hereinafter called "Alterations"), Lessee shall pay to Lessor, on each of the dates provided in this Lease for payment of the installments of rental hereunder commencing with the first such date following the date on which Lessee is required to furnish written notice of such inclusion to Lessor pursuant to the following paragraph, such additional rental which, after deduction of all taxes required to be paid by Lessor on the receipt thereof under the laws of the United States of America or

any political subdivision thereof and after taking into account any present or future tax benefits that Lessor on the receipt thereof under the laws of the United States of America or any political subdivision thereof and after taking into account any present or future tax benefits that Lessor reasonably anticipates it will derive from its additional investment in the Units (including, without limitation, any available current deduction, current and future depreciation deductions and investment tax credit), when taken together with the amount of any rental installments due on such dates under this Lease (but with appropriate adjustment on any such date for any such rental installment which for any reason shall not in fact be paid by Lessee), will, in the reasonable opinion of Lessor, cause Lessor's net return to equal the net return that would have been realized by Lessor if the value of any such Alteration had not been includible in Lessor's gross income. The Casualty Values payable with respect to the Units shall be adjusted in amounts calculated in a similar manner by Lessor.

"Lessee agrees that, within 30 days after the close of any calendar year in which Lessee has made Alterations which are includible in the gross income of Lessor for Federal income tax purposes under this Section, Lessee will give written notice thereof to Lessor describing such Alterations in reasonable detail and specifying the value thereof with respect to the Units.

I. Section 19 of the Lease is amended to provide that notice to Lessee shall be sent:

To Lessee at:

400 West Madison Street
Chicago, Illinois 60606

Attention: Assistant Vice President-Finance